

# ANNUAL REPORT

1952

J. C. PENNEY COMPANY, INC.

A Delaware Corporation

# THERE'S A PENNEY STORE NEAR YOU!

OVER 1630 OF THEM SERVE THE 48 STATES

Build Your Company . . . Shop and Save at Penney's Nearest You -- Always First Quality Merchandise



# YOU!

Merchandise



Results for 1952  
J. C. Penney Company, Inc.

Comparisons 1952 • 1951

|   | <u>1952</u>        | <u>1951</u>        |
|---|--------------------|--------------------|
| Stores  | <u>1632</u>        | <u>1621</u>        |
| Sales   | \$1,079,256,505.17 | \$1,035,201,519.05 |
| Average sales per store (full year)                   | 662,633.93         | 641,368.40         |
| Net Earnings  | 37,170,071.43      | 33,465,139.75      |
| Earnings per share                                    | 4.52               | 4.07               |
| Taxes—federal, state and local                        | 64,322,528.83      | 58,379,919.84      |
| Taxes per share                                       | 7.81               | 7.09               |
| Dividends   | 28,811,832.00      | 26,753,844.00      |
| Dividends per share                                   | 3.50               | 3.25               |
| Earnings retained for reinvestment<br>in the business | 8,358,239.43       | 6,711,295.75       |
| Inventories   | 159,984,333.51     | 139,648,542.77     |
| Stockholders' equity                                  | 205,984,191.20     | 197,625,951.77     |
| Stockholders  | <u>29,157</u>      | <u>28,818</u>      |

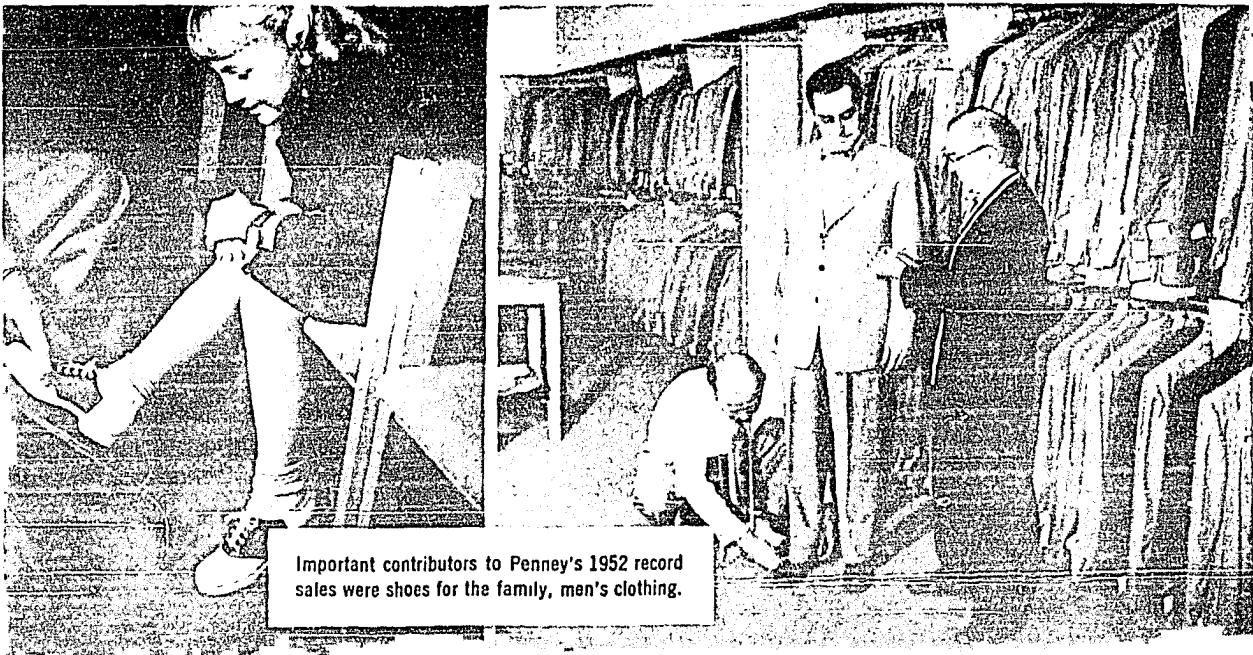
## 1952 OPERATIONS

### A LETTER FROM THE PRESIDENT

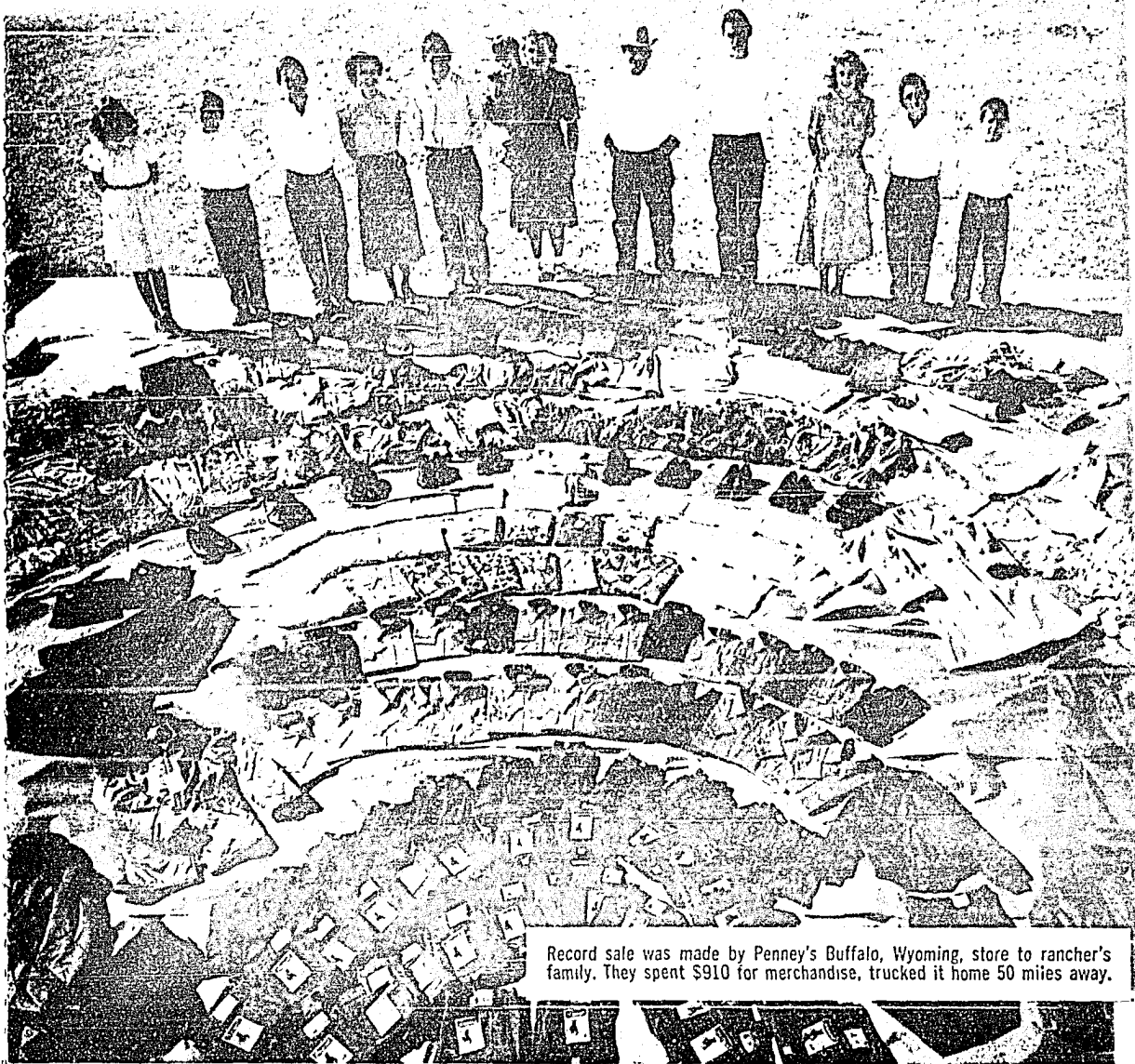
The results of J. C. Penney Company's 1952 operations are summarized on the preceding page. They are given in greater detail in the balance sheet and earnings statement in this report. Here are additional facts on progress and developments of the past year:

#### 1. Sales

1952 marked our fifty-first successful year. In the first year, 1902, sales of the original store in Kemmerer, Wyoming, were \$28,898.11. Last year the total for all 1632 Penney stores reached a new record high—\$1,079,256,505.17. This was a gain of \$44,054,986.12; or 4.3%, over 1951 sales of \$1,035,201,519.05. The 1952 figures show increased Company and customer interest in higher priced merchandise. They also reveal an increase in the amount of merchandise sold, since prices last year were generally somewhat lower.



Important contributors to Penney's 1952 record sales were shoes for the family, men's clothing.

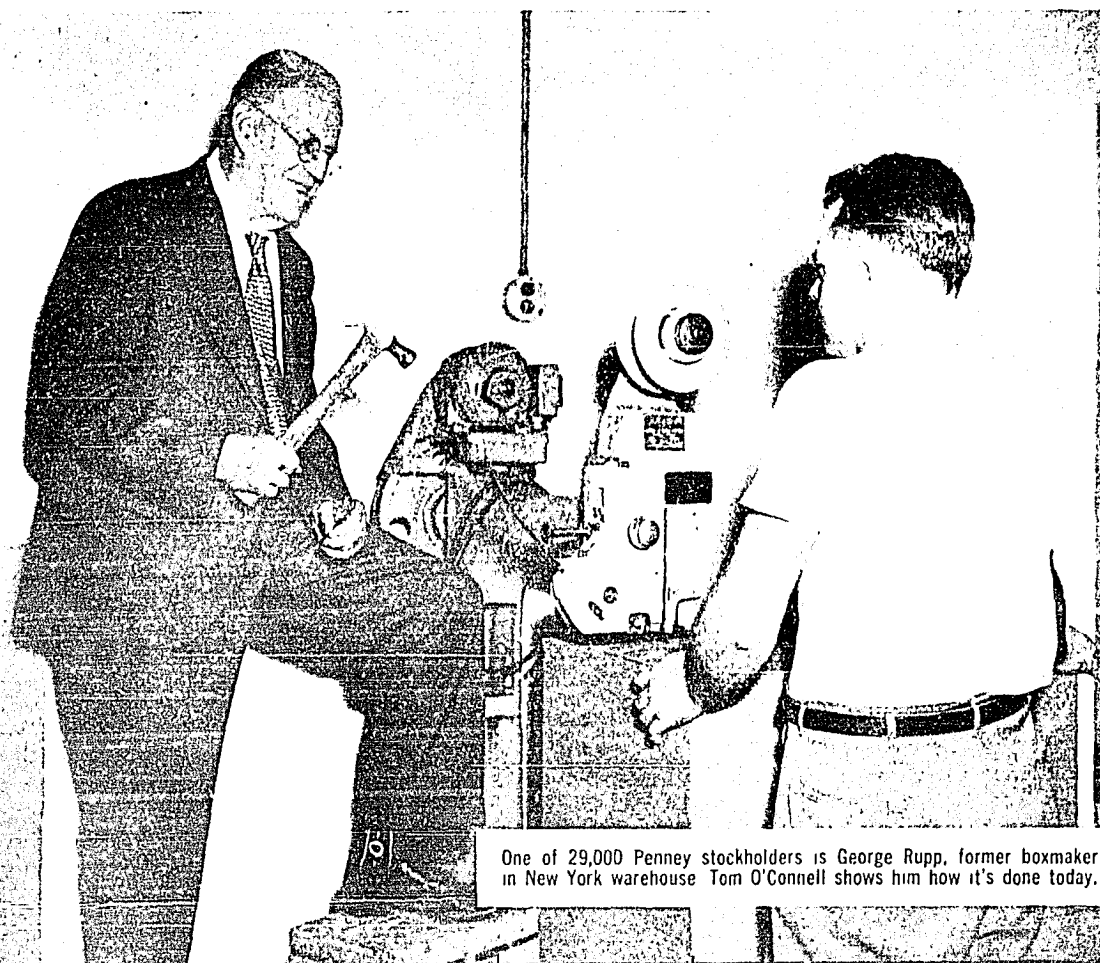


## 2. Financial Position and Inventory

At the year-end, December 31, 1952, cash and short-term Government securities totaled \$145,362,453.15. The corresponding figure for 1951 was \$148,238,676.73. These figures reflect the Company's strong and liquid financial position. Merchandise inventories in stores and warehouses on December 31, 1952, amounted to \$159,984,333.51 valued on the basis of cost or market, whichever was lower. At the end of 1951 the corresponding figure was \$139,648,542.77. The increase this year was in keeping with the Company's sales volume, market conditions and the constantly increasing tempo of retailing. Our merchandise inventory in respect to quality, freshness and attractiveness is excellent.

### 3. Earnings, Taxes, Dividends

Net earnings for 1952 were \$37,170,071.43, or \$4.52 per share. For 1951 they were \$33,465,139.75, or \$4.07 per share. Taxes—federal, state and local—for 1952 amounted to \$64,322,528.83, or \$7.81 per share. Of this amount \$7,700,000.00 represented payments under the so-called "Excess Profits Tax" law—sometimes more accurately labeled an "excess tax on profits." Dividends declared during 1952 amounted to \$3.50 per share—four dividends of 50¢ each and an extra dividend of \$1.50 per share. This was an increase of 25¢ per share over the dividends declared in 1951 for the Company's 29,157 stockholders, whose investment in this business helps make possible its continued growth and progress.

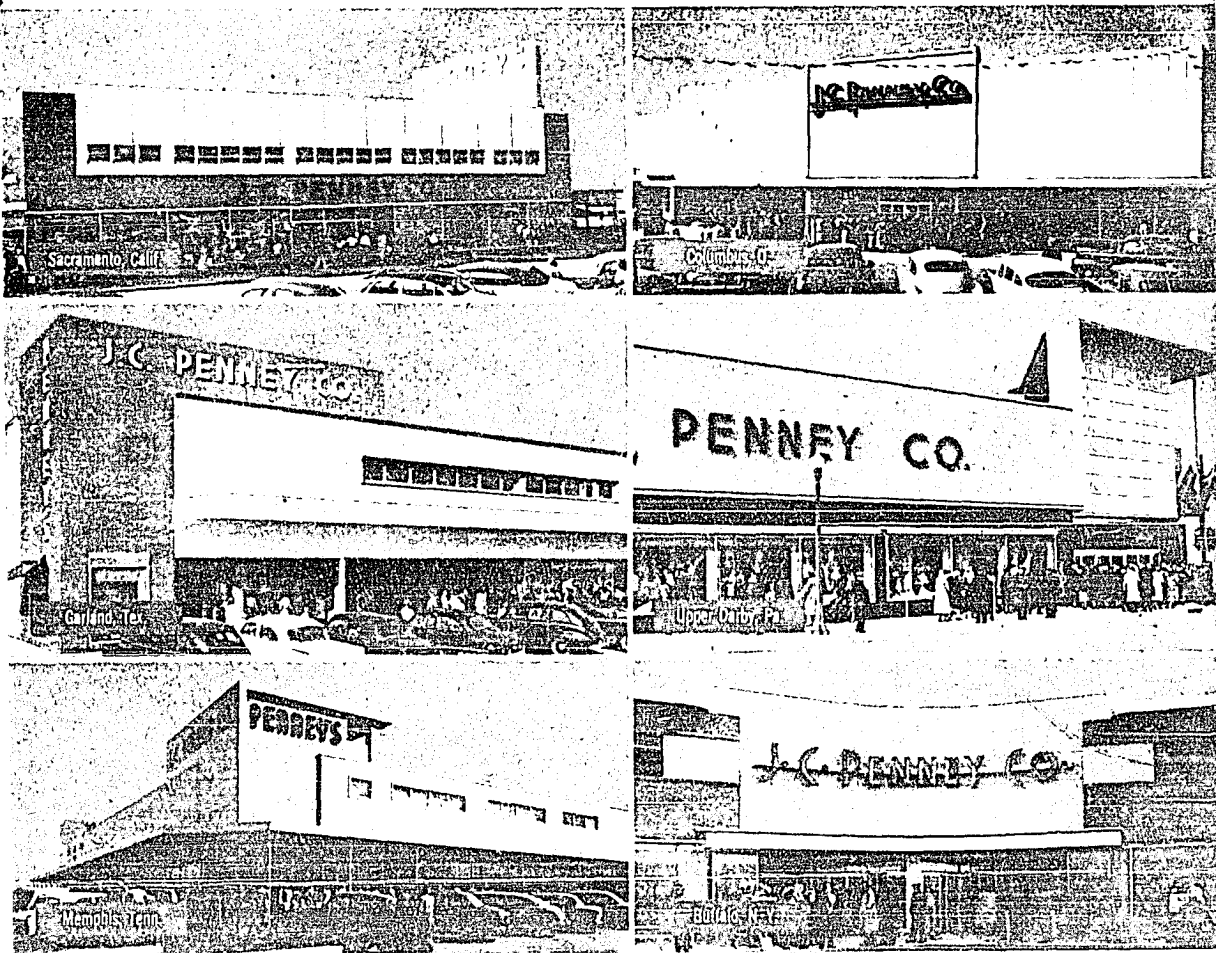


One of 29,000 Penney stockholders is George Rupp, former boxmaker in New York warehouse. Tom O'Connell shows him how it's done today.

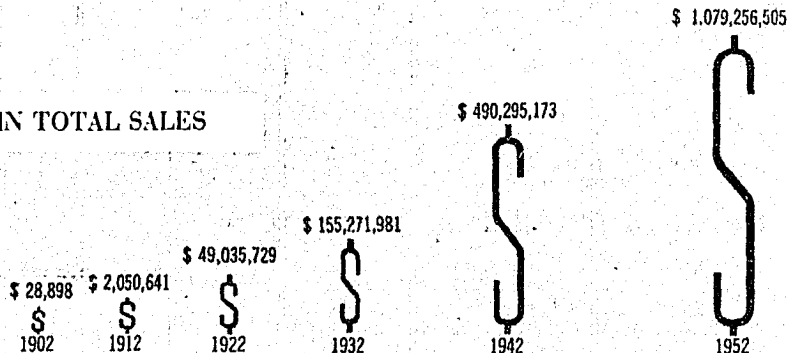


#### 4. New Stores, Alterations and Improvements

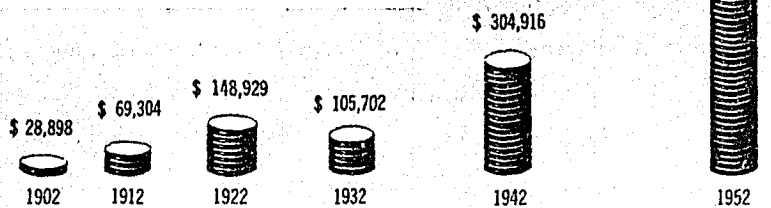
The number of Penney stores increased in 1952 from 1,621 to 1,632. Three small stores were closed and 14 stores opened in communities in which we had not operated before. Four of the six stores shown below are in suburban areas or shopping centers. The Company continued in 1952 its program of constantly modernizing and enlarging established stores. In 21 communities, stores were relocated in new buildings. More than 199 other stores were improved by refixturing or by adding selling space. The Company spent six million dollars on these improvements; our landlords' expenditures on the construction of buildings were over 12 million.



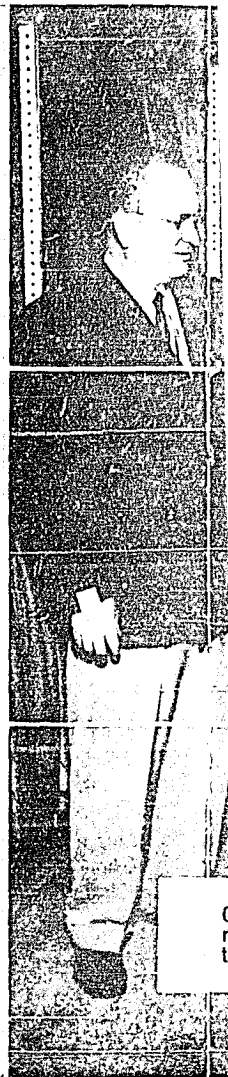
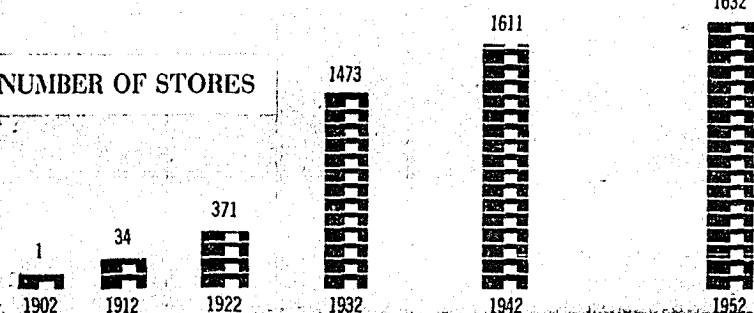
## GROWTH IN TOTAL SALES



## GROWTH IN AVERAGE SALES PER STORE



## GROWTH IN NUMBER OF STORES



## 5. Outlook

The charts above indicate the steady growth of the Penney Company since its start in 1902. For the years ahead we look forward to continued steady growth. Population trends and national income indicate a favorable market. Our Company deals largely in the things American families wear—items which have first claim on the family purse after shelter and food. The Company's financial position is strong. The physical condition of our stores generally is excellent and is being constantly improved. We are well prepared to expand our services to more communities, now or in the future, or to meet difficult situations, should they occur.



On store visits, J. C. Penney falls naturally into a habit long fundamental to the Company's success—personal selling.

Before enlarged Phoenix, Arizona, store opens, associates learn basic Spanish in order to serve non-English speaking customers better, boost sales.

## 6. Personnel

In our business, with 1,632 stores operating over a vast area under a minimum of centralized control, the most important single factor is—people. Capital can be obtained and buildings constructed—and America produces an abundance of good merchandise. But the main strength of the Penney Company continues to be the associates who man its stores, offices and warehouses, and the policies and principles long observed with respect to them: promotions from within, profit-sharing, individual responsibility and leadership. These incentives work, day by day, to unite and advance the entire Penney organization.

## 7. Penney's Golden Jubilee Year

April 14, 1952 marked the 50th anniversary of the opening of the first Penney store. During the year, the Company celebrated this event in many ways, all with the purpose of preparing for the second half-century. A program of "Golden Goals" inspired thousands of associates to set specific objectives for doing their jobs better. Two Penney motion pictures, widely shown within the Company and to groups outside, continue in great demand:

1811 High Schools

941 Public Schools

289 Colleges

59 Kiwanis Clubs

67 Chambers of Commerce

101 Rotary Clubs

301 Churches

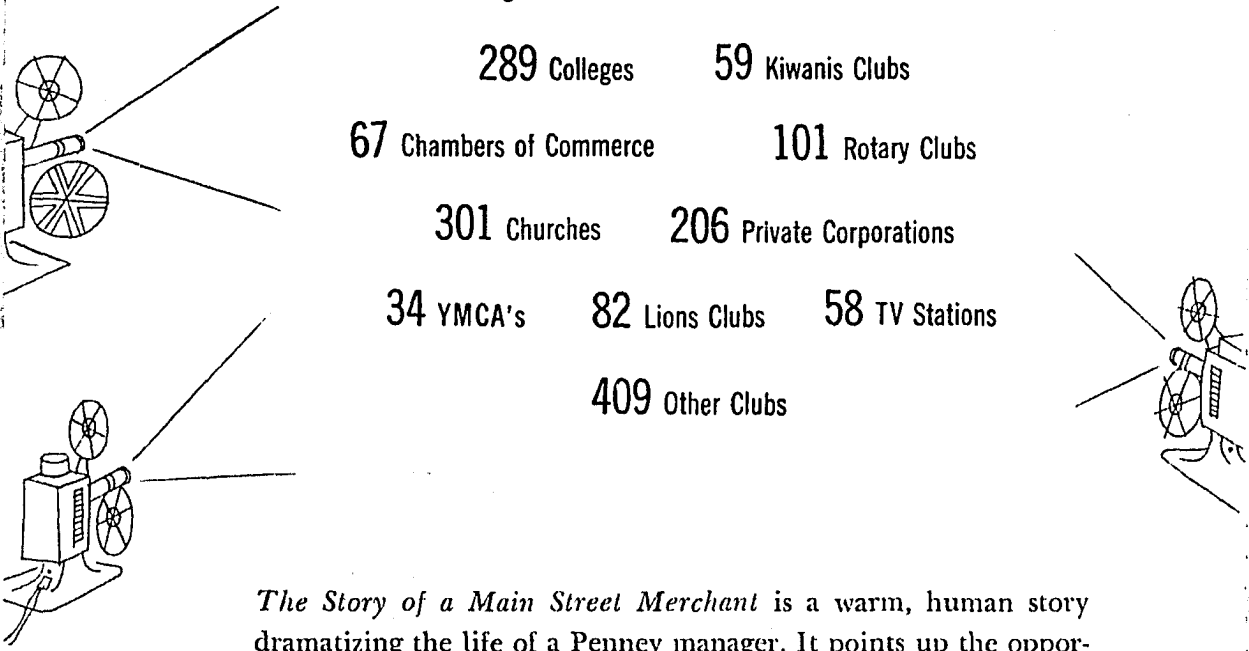
206 Private Corporations

34 YMCA's

82 Lions Clubs

58 TV Stations

409 Other Clubs



*The Story of a Main Street Merchant* is a warm, human story dramatizing the life of a Penney manager. It points up the opportunities and responsibilities of retail merchandising. The other picture, *Quality Control in Modern Merchandising*, shows constant testing for durability, washability, colorfastness, shrinkage and many other qualities, as illustrated by Penney laboratory procedures.

## 8. Earnings

### J. C. PENNEY COMPANY

Statements of Earnings and Retained Earnings  
for the Year Ended December 31, 1952  
in Comparison with the Year Ended December 31, 1951  
(Including earnings of subsidiary)

| EARNINGS   | 1952                    | 1951                    |
|--|-------------------------|-------------------------|
| Sales .....  | \$1,079,256,505.17      | \$1,035,201,519.05      |
| Deduct:  |                         |                         |
| Cost of Merchandise Sold, and Selling and General Expenses<br>(exclusive of items set forth below) ..... | 969,932,166.67          | 933,636,851.70          |
| Maintenance and Repairs .....  | 1,936,789.90            | 2,333,729.93            |
| Depreciation and Amortization (Note 2) .....   | 2,969,354.81            | 4,451,861.41            |
| Taxes, other than Taxes on Income .....  | 8,662,528.83            | 8,699,919.84            |
| Company Contributions to Retirement Plans .....  | 5,887,118.08            | 5,474,107.74            |
|  | <u>989,387,958.29</u>   | <u>954,596,470.62</u>   |
|  | 89,868,546.88           | 80,605,048.43           |
| Add Discount on Purchases and Miscellaneous Income, less Miscellaneous Charges .....                     | 2,795,872.99            | 2,419,461.95            |
|  | <u>92,664,419.87</u>    | <u>83,024,510.38</u>    |
| Provision for Taxes on Income:   |                         |                         |
| Federal (including \$7,700,000 excess profits tax in 1952 and \$6,200,000 in 1951) .....                 | 54,600,000.00           | 48,700,000.00           |
| Other income taxes .....   | 1,060,000.00            | 980,000.00              |
|  | <u>55,660,000.00</u>    | <u>49,630,000.00</u>    |
|  | 37,004,419.87           | 33,344,510.38           |
| Add Earnings of Subsidiary .....   | 165,651.56              | 120,629.37              |
| Net Earnings for the year .....  | <u>\$ 37,170,071.43</u> | <u>\$ 33,465,139.75</u> |

### RETAINED EARNINGS

|   |                          |                          |
|---|--------------------------|--------------------------|
| Balance at beginning of year .....                                    | \$ 163,503,185.10        | \$ 156,791,889.35        |
| Net Earnings for the year .....                                       | <u>37,170,071.43</u>     | <u>33,465,139.75</u>     |
|   | 200,673,256.53           | 190,257,029.10           |
| Dividends Paid—(\$3.50 per share, 1952; \$3.25 per share, 1951) ..... | 28,811,832.00            | 26,753,844.00            |
| Balance at end of year .....  | <u>\$ 171,861,424.53</u> | <u>\$ 163,503,185.10</u> |

#### Note:

|   |        |               |               |
|---|--------|---------------|---------------|
| Common stock outstanding at end of year ..... | Shares | 8,231,952     | 8,231,952     |
| Earnings per share .....                      |        | <u>\$4.52</u> | <u>\$4.07</u> |

See notes on the accompanying Balance Sheet.

## 9. Assets

### J. C. PENNEY COMPANY

Balance Sheet as of December 31, 1952  
in Comparison with December 31, 1951

#### ASSETS

|  | <u>1952</u>             | <u>1951</u>             |
|--|-------------------------|-------------------------|
| <b>CURRENT ASSETS:</b>   |                         |                         |
| Cash in banks and on hand .....  | \$112,467,728.71        | \$123,286,333.81        |
| U. S. Government securities—at cost, plus accrued interest (approximate market price).....   | 32,894,724.44           | 24,952,342.92           |
| Accounts receivable—miscellaneous .....  | 2,417,854.98            | 2,658,025.59            |
| Merchandise (Note 1) .....   | 159,984,333.51          | 139,648,542.77          |
| Total Current Assets.....  | <u>307,764,641.64</u>   | <u>290,545,245.09</u>   |
| Investment in and Advances to J. C. Penney Building & Realty Corporation (wholly owned subsidiary)—at amounts shown by subsidiary's balance sheet: |                         |                         |
| Advances .....   | 5,243,000.00            | 5,507,000.00            |
| Capital stock and retained earnings.....   | 2,002,658.97            | 1,837,007.41            |
|  | <u>7,245,658.97</u>     | <u>7,344,007.41</u>     |
| Property and Equipment, at not in excess of cost, less provision for depreciation (Note 2):  |                         |                         |
| Land .....   | 1,119,047.96            | 1,031,047.96            |
| Buildings, less provision for depreciation, \$875,973.10 at December 31, 1952 and \$835,745.23 at December 31, 1951....                            | 1,482,395.32            | 2,239,444.46            |
| Furniture and fixtures, less provision for depreciation.....   | 30,301,215.40           | 25,926,710.12           |
| Improvements to leaseholds, less amortization.....   | 3,718,580.34            | 3,642,477.34            |
|  | <u>36,621,239.02</u>    | <u>32,839,679.88</u>    |
| Prepaid Expenses and Deferred Charges—Leasehold Advances, Unexpired Insurance Premiums, etc.....   | 2,585,358.78            | 2,209,091.03            |
|  | <u>\$354,216,898.41</u> | <u>\$332,938,023.41</u> |

#### NOTES:

- Inventories are stated at the lower of cost or market determined as follows:  
Merchandise in stores—lower of cost or market determined by the retail method. Stocks in warehouses and with manufacturers, including raw materials shipped to manufacturers—cost determined by the first-in first out method and market on the basis of replacement cost.
- As of January 1, 1952 the company changed its method of depreciating certain furniture and fixtures to conform with the tax basis established by the Bureau of Internal Revenue. The effect of this change on Net Earnings (after taxes) for the year is not material.
- Under the Company's long standing practice most of its properties are occupied under leases. At December 31, 1952 the total of minimum annual fixed rentals payable under leases (excluding those with its wholly owned subsidiary) expiring after December 31, 1957 was approximately \$6,400,000. Leases covering about 75% of this amount expire on various dates prior to December 31, 1972.

# 10. Liabilities

## J. C. PENNEY COMPANY

Balance Sheet as of December 31, 1952  
in Comparison with December 31, 1951

### LIABILITIES

|  | <u>1952</u>                    | <u>1951</u>                    |
|--|--------------------------------|--------------------------------|
| <b>CURRENT LIABILITIES:</b>  |                                |                                |
| Accounts payable and accrued liabilities.....                              | \$ 73,883,653.64               | \$ 69,068,342.05               |
| Dividends payable in January of following year..                           | 16,463,904.00                  | 14,405,916.00                  |
| Provision for Federal taxes on income.....                                 | 55,007,686.57                  | 49,246,606.32                  |
| <b>Total Current Liabilities.....</b>                                      | <u>145,355,244.21</u>          | <u>132,720,864.37</u>          |
| <br>Reserves for Fire Losses, Employees' Death Benefits, etc.....          | <br><u>2,877,463.00</u>        | <br><u>2,591,207.27</u>        |
| <br><b>Stockholders' Equity:</b>   |                                |                                |
| Common Stock, no par value:  |                                |                                |
| Authorized, 9,000,000 shares.  |                                |                                |
| Outstanding, 8,231,952 shares.....   | <u>34,122,766.67</u>           | <u>34,122,766.67</u>           |
| <br>Retained Earnings:   |                                |                                |
| J. C. Penney Company.....  | 169,858,765.56                 | 161,666,177.69                 |
| J. C. Penney Building & Realty Corporation (wholly owned subsidiary) ..... | 2,002,658.97                   | 1,837,007.41                   |
|  | <u>171,861,424.53</u>          | <u>163,503,185.10</u>          |
| <b>Total Stockholders' Equity...</b>                                       | <u>205,984,191.20</u>          | <u>197,625,951.77</u>          |
|  | <u><u>\$354,216,898.41</u></u> | <u><u>\$332,933,023.41</u></u> |

### ACCOUNTANTS' REPORT

To the Board of Directors,  
J. C. Penney Company,  
New York, N. Y.

We have examined the balance sheet of the J. C. Penney Company as of December 31, 1952 and the related statements of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of the J. C. Penney Company at December 31, 1952 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent in all material respects with that of the preceding year.

New York, N. Y.,  
March 4, 1953.

PEAT, MARWICK, MITCHELL & CO.



**Albert W. Hughes**  
*President and Director*  
32 years



**George E. Mack**  
*Director*  
*Exec. V. Pres.—Treasurer*  
31 years



**Fred A. Bantz**  
*Director*  
*Vice-Pres.—Merchandise*  
30 years



**John F. Brown**  
*Director*  
*Vice-President—Real Estate*  
*—Construction—31 years*



**Herbert H. Schwamb**  
*Director*  
*Vice-President—Personnel*  
29 years



**Homer F. Torrey**  
*Director*  
*Vice-President—Sales*  
33 years



**Frederick W. Binzen**  
*Director*  
26 years



**John I. H. Herbert**  
*Director*  
41 years



**Wilk Hyer**  
*Director*  
42 years



**Earl A. Ross**  
*Director*  
32 years



**August J. Raskopf**  
*Secretary*  
33 years



**Robert C. Welderman**  
*Comptroller*  
36 years



James Cash Penney  
Founder, Chairman  
51 years



## 11. Directors and Officers

*The men shown opposite with their years of service to the Penney Company typify our policy of promotion from within. On their behalf I would like to express appreciation and thanks to:*

Penney associates, the tens of thousands whose efforts make possible the results we attain, including nearly 1,000 men and women now in service in the Armed Forces.

Millions of American families who recognize Penney values.

Thousands of suppliers and vendors whose skill and resourcefulness provide our good Penney merchandise.

You stockholders who furnish the capital for this business.

Landlords, banks, newspapers and others who work with us.

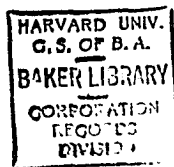
*All aid our progress and share our steadfast aim:*

To serve more and more American families as we would like to be served.

*A. W. Hughes*

---

The annual meeting of stockholders will be held April 20th, 1953. You are cordially invited to attend. A proxy statement, including a request for proxies, will be mailed to stockholders on or about March 20th, 1953. Your prompt attention to the proxy statement and proxy will be appreciated.



# ANNUAL REPORT

1952

J. C. PENNEY BUILDING &  
REALTY CORPORATION

A New York Corporation

# J. C. Penney Building & Realty Corporation

## BALANCE SHEET

As of December 31, 1952

### ASSETS

|  |                     |                     |                       |
|--|---------------------|---------------------|-----------------------|
| Cash in Bank.....  |                     |                     | \$ 61,374.41          |
| Land and Buildings—at sound value based on estimated replacement cost at December 31, 1932, plus subsequent additions at cost: |                     |                     |                       |
| Land ..  |                     | \$1,676,327.30      |                       |
| Buildings .  | \$8,538,386.66      |                     |                       |
| Less Provision for depreciation .....  | <u>2,825,663.75</u> | <u>5,712,722.91</u> | <u>7,389,050.21</u>   |
|  |                     |                     | <u>\$7,450,424.62</u> |

### LIABILITIES

|   |                       |
|---|-----------------------|
| Accounts Payable and Accrued Liabilities.....                           | \$ 12,541.02          |
| Provision for Federal Taxes on Income.....                              | 192,224.63            |
| Amount due Parent Company.....  | 5,243,000.00          |
| Capital Stock—Authorized and Outstanding, 100 shares, no par value..... | —                     |
| Retained Earnings .....   | <u>2,002,658.97</u>   |
|   | <u>\$7,450,424.62</u> |

Wholly Owned  
Subsidiary of  
J. C. PENNEY COMPANY.

# J. C. Penney Building & Realty Corporation

## STATEMENT OF EARNINGS

For the Year ended December 31, 1952

|  |                  |                     |
|--|------------------|---------------------|
| Rent Received (from parent company).....       |                  | \$865,707.18        |
| Interest Paid (to parent company).....         | \$ 53,525.65     |                     |
| Property Operating and General Expenses.....   | 172,389.41       |                     |
| Depreciation .....                             | 252,381.92       |                     |
| Taxes, other than Federal Taxes on Income..... | <u>32,758.64</u> | <u>511,055.62</u>   |
|  |                  | 354,651.56          |
| Provision for Federal Taxes on Income.....     |                  | <u>189,000.00</u>   |
| Net Earnings for the year.....                 |                  | <u>\$165,651.56</u> |

## STATEMENT OF RETAINED EARNINGS

For the Year ended December 31, 1952

|                                   |                       |
|-----------------------------------|-----------------------|
| Balance at December 31, 1951..... | \$1,837,007.41        |
| Net Earnings for the year.....    | <u>165,651.56</u>     |
| Balance at December 31, 1952..... | <u>\$2,002,658.97</u> |

### ACCOUNTANTS' REPORT

To the Board of Directors,  
J. C. Penney Building & Realty Corporation,  
New York, N. Y.

We have examined the balance sheet of the J. C. Penney Building & Realty Corporation as of December 31, 1952 and the related statements of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of the J. C. Penney Building & Realty Corporation at December 31, 1952 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.,  
March 4, 1953.

## DIRECTORS

A. W. HUGHES, *Chairman*

F. W. BINZEN

G. E. MACK

J. F. BROWN

A. J. RASKOPF

## OFFICERS

A. W. HUGHES . . . . . *Chairman of the Board*

J. F. BROWN . . . . . *President*

F. W. BINZEN . . . . . *Vice-President*

G. E. MACK . . . . . *Treasurer*

A. J. RASKOPF . . . . . *Secretary*